

**Date:** October 20, 2004

**To:** Property Owners/Management Agents  
MHFA Portfolio **ONLY** – Section 8 Contract Administration

**From:** MHFA Multifamily Division

**Subject:** **Annual Tenant File Audits**  
**Procedural Changes – Effective January 2005**

**PLEASE GIVE THIS INFORMATION TO THE APPROPRIATE STAFF IMMEDIATELY.**

There will be a few procedural changes for the 2005 Annual Tenant File Audits effective January 2005 for the MHFA Portfolio of Section 8 properties. In accordance with the Housing Assistance Contract the Agency is required to conduct an annual inspection of the owner's compliance with Section 8 occupancy regulations. Agency staff will continue to do 'desk audits' meaning that the review of tenant file documents will be performed at the Agency. The Agency will try to schedule the audit of your properties 12 months from the date of the previous year's audit; however, this may not be possible in all instances.

As in 2004, management agents will continue to be notified, **by letter only**, when the tenant files are due at the Agency. Notification will be provided at least 30 days prior to the date the tenant files are due. Management agents are required to access a management questionnaire from the Agency's website located at [www.mhfa.state.mn.us](http://www.mhfa.state.mn.us). The questionnaire can be completed on-line and downloaded. The completed questionnaire, signed and dated by the management agent, must be submitted along with the tenant files. The Agency's website contains information to assist with preparation for the audit. A tenant file checklist is available that outlines what the Agency is required to review, suggestions for organization of tenant file data as well as other occupancy related information.

Costs incurred for mailing or having tenant files couriered to the Agency is considered an operating expense. The tenant files will be returned to the management agent's office unless otherwise indicated to the Agency. A 'Post Office' box is not an acceptable address. As an alternative to providing the tenant files, management may provide copies of the documents within the tenant files. Copied material will be shredded after completion of the audit unless otherwise indicated to the Agency.

A written summary of any findings noted in the files will be sent within 14 – 30 days after completion of the audit. Management will be responsible for responding to audit findings and providing necessary documentation, if applicable. A written response, preferably on company letterhead, will be required within 30 days after receipt of the summary of findings. Each finding must be addressed and the corrective action taken. It will be management's responsibility to review all tenant files to assure that the same/similar findings are not being repeated in other tenant files, and if so, that corrective action is taken.

New for 2005: Tenant file audits resulting in 60% or more substantial findings will require that the owner arrange to have 100% of the development's tenant files reviewed. Substantial errors include incomplete, inaccurate or missing tenant certifications (i.e. 50059) and incomplete, inaccurate or missing 3<sup>rd</sup> party verifications. Scheduled tenant recertifications that are 120 days overdue will also be considered a substantial error. The 100% review can be conducted by management's in-house staff or by an outside entity; either which must be knowledgeable in the Section 8 housing program. The owner will be required to 'self-certify' compliance with the 100% review. The Owner's Certification Compliance form will be included with the file findings report, if applicable.

Thank you. Your cooperation with these changes is greatly appreciated! If you have questions concerning this memo, please contact Mary Strom at [mary.strom@state.mn.us](mailto:mary.strom@state.mn.us).

## ATTENTION!

### The **2005** Annual Tenant File Audit Information For Section 8/236 - MHFA Portfolio, *only*

The **2005** Annual Tenant File Audits will be scheduled by written notification. A 30 – 45 days notification will be provided. Please provide the information requested and return to:

Minnesota Housing Finance Agency  
400 Sibley Street, Suite 300  
St. Paul, MN 55101  
Attn: Mary Strom

The Compliance Person for: \_\_\_\_\_  
Management Agent Company Name

Is: \_\_\_\_\_  
Compliance Person's Name \*

Telephone Number: (       ) \_\_\_\_\_  
Area code

E-mail Address: \_\_\_\_\_

\*We realize that your company may have more than one property manager. We would like the name of a singular compliance person that oversees compliance with the occupancy requirements for your company's MHFA Section 8/236 portfolio. This person would be responsible for coordinating and providing the Agency with data requested to complete the tenant file audit. Notification of the **2005** Annual Tenant File Audit will be sent to the management agent to the attention of the compliance person identified above.

Please complete and return this form by November 1, 2004. If this information changes, please contact Mary Strom at [mary.strom@state.mn.us](mailto:mary.strom@state.mn.us)

Thank you for your assistance.